

No Sane Choice But Glass-Steagall

Just as the cause of the mass-strike process now rocking the world, from Cairo to Wisconsin—the breakdown of the bankrupt global financial system—is global, so is the solution: a global change in policy. That change begins with the United States dumping the bailout policy, and implementing the Constitutional principle of Glass-Steagall—as a first step to similar measures all around the world.

It is the determination of the international financial oligarchy, centered in the Inter-Alpha Group, to bail out their bankrupt system, that has led to the looting policies now killing people around the world, most emphatically including the hyperinflationary, genocidal rise in food prices. This looting has triggered the explosions in North Africa and the Middle East, but it also stands behind the determination of U.S. governors like Wisconsin’s “Sheikh” Walker, and Ohio’s “Moamar” Kasich, to crush union resistance to austerity programs whose aim is to protect the banks, not the people. The looting will not solve the financial or economic crisis, of course; but it will lead to mass destruction.

The success of the spreading unrest ultimately depends upon whether people turn from being enraged protestors, to being citizens who demand that the bailouts be dumped by implementing Glass-Steagall, and then moving to rebuild the economy.

To understand this reality, you have to think beyond your nose—and reject the sophistry of those who demand you look at our financial system as you would look at your household budget. Sovereign governments, especially the U.S. Constitutional government, are not households; they are institutions dedicated to creating *public credit* for the *general welfare*, and thus can *advance* credit to create a future for our citizens.

But, under the current global financial tyranny, such investment of public credit is not allowed, and, in fact, appears impossible. That is because the banking systems of the world are dedicated, as demonstrated in the Angelides Report, to making good on trillions and quadrillions of dollars in gambling debts, which are sententiously called “the markets.” It will be impossible to restore public credit without cancelling these gambling debts.

And that is exactly what restoring Glass-Steagall will do. Eliminating obligations to pay derivatives debts, interest rate swaps, and bank bailouts—to name only a few of the mechanisms—is the immediate result of setting up the Glass-Steagall firewall to protect commercial banking (that connected to industry and productive activity), from the speculative hijinks of the investment banking community. Without that dead weight, which is so large it can never be paid anyway, the banks will be free to lend productively.

Similarly, for the Federal Reserve itself, which is now obligated in the *trillions* to make good on bad gambling debts from the major banks: Dump those debts, and credit can flow—as it must—to the states, and prevent the outrageous budget slashes which are now being carried out in virtually every state of the Union.

Who would be so idiotic as to claim that public workers, or Medicare and Medicaid patients, are causing our budget crises, when trillions of dollars of obligations for the banks are sitting on the books?

It’s time to clear those toxic assets off the books, in the time-tested way FDR used—by restoring our banking system with Glass-Steagall. Even then, it will take time to build a real recovery—but without it, we’re on an insane ride to global Hell.